

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /128 W
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TO SECSTATE WASHDC 5735
INFO AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY PARIS
AMEMBASSY STOCKHOLM

C O N F I D E N T I A L OSLO 2141

BRUSSELS FOR USEC

PARIS FOR USOECD

E.O. 11652: GDS
TAGS: ENRG, NO
SUBJECT: NORWEGIAN/SWEDISH OIL DEAL

REF: STOCKHOLM 1203

1. THE OIL FOR FINANCING ARRANGEMENT BETWEEN THE SWEDISH
STATE OIL COMPANY AND THE PRIVATE NORWEGIAN OIL CONSORTIUM
(NOCO) REPORTED REFTEL MAY NOT GET NORWEGIAN GOVERNMENT APPROVAL,
ACCORDING TO ENERGY MINISTRY AND BANKING CONTACTS.

2. TWO ELEMENTS OF THE DEAL RUN OPENLY CONTRARY TO GON POLICY
AT THIS POINT. FIRST, STATOIL PARTICIPATION WAS NOT SOUGHT
DURING NEGOTIATION OF THE ARRANGEMENT. WHILE POSSIBLE NOT ESSENTIAL
TO GON APPROVAL, A GESTURE TO STATOIL WOULD HAVE BEEN POLITIC.
PERHAPS MORE IMPORTANT, NO ATTEMPT IS MADE TO PROVIDE FOR TECHNOLOGY
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TRANSFER OR LOCATION OF NEW INDUSTRY IN NORWAY AT A TIME --
AS THE FOURTH ROUND OF OFFSHORE LICENSES ARE BEING NEGOTIATED --
WHEN THE GON IS MAKING SUCH ARRANGEMENTS A SINE QUA NON OF
FOREIGN PARTICIPATION IN OFFSHORE DEVELOPMENT. FINANCING
ITSELF IS SIMPLY NOT SEEN AS SUFFICIENT INDUCEMENT GIVEN
NORWAY'S CONTINUING FIRST CLASS CREDIT RATING.

3. FINALLY, WE HAVE LEARNED IN CONFIDENCE THAT SVENKA PETROLEUM PURCHASES OF NOCO OIL FROM TOR AND VALHALL ARE NOT TO BE STRICTLY SPEAKING AT MARKET PRICES. ALTHOUGH NOT MADE PUBLIC, APPARENTLY AN EFFECTIVE THREE PERCENT DISCOUNT IS INVOLVED AND INFORMED BANKING SOURCES SAY THE GON IS UNHAPPY WITH THIS ELEMENT OF THE ARRANGEMENT AS WELL.

4. COMMENT: WHILE THE GON HAS BEEN CASTING ABOUT FOR MEANS TO EFFECT A COMMITMENT TO NORDIC COOPERATION, WE SUSPECT THEY WILL CONCLUDE THE SVENSKA PETROLEUM/NOCO PROJECT IS NOT QUITE THE SORT OF THING THEY HAD IN MIND.
LERNER

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